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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/532,968	11/17/2005	John Edward Schoen	E3331.0662	9100
32173 7590 04/17/2009 DICKSTEIN SHAPIRO LLP 1177 AVENUE OF THE AMERICAS (6TH AVENUE) NEW YORK, NY 10036-2714				
EXAMINER				
BAIRD, EDWARD J				
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/532,968

Applicant(s)

SCHOEN ET AL.

Examiner

Ed Baird

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☐ Responsive to communication(s) filed on 20 February 2009.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-44 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-44 is/are rejected.
- 7) ☒ Claim(s) 38 is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/CDC)
- Paper No(s)/Mail Date _____

- 4) ☐ Interview Summary (PTO-413)
- Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

Applicant has amended claims 1, 6, 8, 17, 20, 21, 26, 28, 29 and 32 – 44. No claims have been added or canceled. Thus, claims 1 – 44 are pending and are presented for examination.

Response to Arguments

1. Applicant's remarks/ arguments filed **20 February 2009** have been fully considered.
2. Examiner acknowledges amendments to **claims 8, 17, and 26** to overcome objections and, in turn, withdraws objections.
3. Examiner notes that **claim 38** was not amended to correct objection, and thus maintains objection. Appropriate correction is required.
4. Examiner acknowledges amendments to **claims 6, 20, 21, 26, 28, 29, and 32** to overcome 35 U.S.C. § 112, 2nd paragraph rejection and, in turn, withdraws rejections.

Examiner acknowledges amendments to independent **claim 1 and 32** overcome rejections to dependent **claims 3 and 4 and 33 and 34**. In turn, Examiner withdraws rejections to **claims 3, 4, 33, and 34**.

Examiner acknowledges **claim 43** had been corrected by preliminary amendment dated 27 April 2005, as noted by Applicant and, in turn withdraws rejection.

5. Examiner notes that **claim 36** was amended to *partially* overcome 35 U.S.C. § 112, 2nd paragraph rejection. Hence, Examiner maintains rejection accordingly. Appropriate correction is required.
6. Examiner acknowledges amendments to **claims 1 and 44**, method claims, to overcome 35 U.S.C. § 101 rejections to **claims 1 – 13 and 44**. However, Examiner respectfully disagrees.

Regarding **claims 1 – 13 and 44**, method claims, the amendments to the claims attempts to tie the methods to a particular machine but the amendments are to the preamble of the claims only. The individual **steps** (emphasis added) of the claim are not tied to a particular machine or apparatus. See 35 U.S.C. § 101 rejections below.

7. Examiner acknowledges amendments to **claims 32 – 43**, apparatus claims, to overcome 35 U.S.C. § 101 rejection and, in turn, withdraws rejection.
8. Examiner notes that Applicant restates that claims 7, 16, 25 and 37 were rejected under 35 U.S.C. § 103(a) over **May** in view of U.S. Patent Publication 2003/9241 (**Bansal et al.**). Examiner notes that the **Bansal** reference was actually 2003/0009421, not **9241** as described by Applicant [Remarks page 11, 5th paragraph].
9. Applicant's arguments filed with respect to claims **1 – 44** regarding the 35 U.S.C. § 103(a) rejections have been fully considered but they are not persuasive.
10. Applicant argues regarding **claims 1, 14, and 23** that **May** does not disclose the *submission of credit limits specifically for an auction with the return of a notification of unused credit after the auction* [Remarks page 12, 2nd full paragraph]. However, Examiner respectfully disagrees.

May discloses credit preference screening which enables the display of all passive orders in his system and their relevant credit status in his system [0327]. Color coding in his system enables the anonymity of the users while still *receiving credit information* about the bids and offers they are viewing [Id.]. Examiner affirms that *receiving credit information* about the bids and offers is indicative of Applicant's "receiving from participants credit limits" as claimed in exemplary **claim 1**.

May discloses sending an RFP message to the appropriate dealers if a client's credit is validated [0365]. A dealer can then elect to respond to the RFP by submitting a change to the bid or ask side of the trade, canceling the trade, or doing nothing and

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letting the RFP expire [Id.]. Examiner notes that **May** does not explicitly disclose "notifying the participants of credit allocated to the auction but not used in matched orders" as claimed in exemplary **claim 1**. However, one having ordinary skill in the art at the time of the instant invention would know that, by not responding to an RFP (i.e. *doing nothing*) or *letting the RFP expire*, a participant in an auction would be aware that the credit allotted to the auction (but not used) would still be available.

Examiner has clarified the 35 U.S.C. § 103(a) rejections below and, in turn, maintains rejections.

Claim Rejections - 35 USC § 112

11. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

12. Claim 36 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

13. Regarding **claim 36**, the term "within approximately one minute of completion of the auction" renders the claims indefinite because it is unclear what time frame "approximately" means.

For the purposes of examination, the claim will be interpreted to read: "within one minute of completion of the auction" as to agree with parallel claim 6. Appropriate correction is required.

Claim Objections

14. **Claim 38** is objected to because of the following informalities: “a participants credit limits” should be written “a participant's credit limits” (add apostrophe). Appropriate correction is required.

Claim Rejections - 35 USC § 101

15. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

16. Claims 1 – 13 and 44 are directed to non-statutory subject matter.

17. **Claims 1 – 13 and 44**, method claims, are rejected under 35 U.S.C. §101 because, in order to comply with §101 a process/ method must (1) be tied to a particular machine or apparatus, or (2) transform underlying subject matter (such as an article or materials) to a different state or thing.

The methods recited in the claims fail to (1) be tied to a particular machine or apparatus, or (2) transform underlying subject matter to a different state or thing.

Diamond v. Diehr, 450 U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409 U.S. 63, 70 (1972).

There are two corollaries to the machine-or-transformation test. First, a mere field-of-use limitation is generally insufficient to render an otherwise ineligible method claim patent eligible. This means the machine or transformation must impose meaningful limits on the method claim's scope to pass the test. Second, insignificant extra-solution activity will not transform an unpatentable principle into a patentable process. This means reciting a specific machine or a particular transformation of a specific article in an ***insignificant step*** (emphasis added), such a data gathering or outputting, is not sufficient to pass the test.

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There is no recitation within the claims to indicate that the *steps* (emphasis added) that comprise the method are nothing but mental steps performed within the mind of a person. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Claim Rejections - 35 USC § 103

18. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

19. Claims 1 – 5, 8 – 15, 17, 18, 23, 24, 26, 31 – 34, and 39 – 43 are rejected under 35 U.S.C. 103(a) as being unpatentable over **May** (US Pub. No. 2007/0239591).

20. Regarding **claims 1, 14, 23 and 32**, **May** teaches:

- notifying potential participants of an auction time [see at least 0328] –

Examiner notes a *predetermined time-limit* as indicative of Applicant's **auction time**;

- receiving from participants orders related to the auction [see at least 0097];
- receiving from participants credit limits for execution of orders input by the participants with other participants [see at least 0059, 0060 and 0103, 0327, and 0328];

- conducting the auction at the time notified to the participants by matching the orders received [see at least 0281, 0286];
- notifying the owners of matched orders [see at least 0097];

May does not explicitly disclose:

- notifying the participants of credit allocated to the auction but not used in matched orders.

However, **May** discloses sending an RFP message to the appropriate dealers if a client's credit is validated [0365]. A dealer can then elect to respond to the RFP by submitting a change to the bid or ask side of the trade, canceling the trade, or doing nothing and letting the RFP expire [Id.].

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the instant invention that, by not responding to an RFP (i.e. *doing nothing*) or *letting the RFP expire*, a participant in an auction would be aware that the credit allotted to the auction (but not used) would still be available.

May does not specifically apply his disclosure to trading fungible instruments. However, **May** does utilize his systems and methods for trading of financial instruments [0002] including equities and foreign currencies [0003]. Equities and foreign currencies are considered fungible in that they are interchangeable.

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the instant invention to modify **May's** disclosure to apply his systems and methods to *fungible instruments* because it can be applied to various types of fungible securities including equities, foreign currencies and derivatives [**May** 0003].

21. Regarding **claims 2 and 15**, **May** teaches orders which are matched on the basis of credit and price [see at least 0099 – 0101].

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22. Regarding **claim 3**, **May** teaches orders receiving less than a predetermined time before the auction as not being accepted [see at least 0328].
23. Regarding **claim 4**, **May** teaches credit limit allocations receiving less than a predetermined time before the auction are not accepted by the system [see at least 0334].
24. Regarding **claim 5**, **May** teaches participants being notified of unused credit immediately after the auction is completed [see at least 0103].
25. Regarding **claims 8 and 17**, **May** teaches automatically renewing a participants credit limits for future auctions on request from that participant [see at least 0103 and 0108]. Examiner notes that *frequently requested data* include Applicant's updated participants credit limits.
26. Regarding **claim 9 – 11 and 39 – 41**, **May** teaches receiving credit limits for use in matching orders between other participants lacking bilateral credit, identifying other participants whose credit limits may be used to match orders entered by the participants, and using the credit of an intermediary having bilateral credit with the participants submitting the matched orders [see at least 0185 – 0188]. Examiner notes credit groups as inclusive of Applicant's intermediary.
27. **Claims 12 and 13** are substantially similar to claim 11, the claim upon which they depend and are thus, rejected for the same reasons.
28. Regarding **claims 18**, **May** teaches notification of matched order messages being sent to a participant deal feed client via a deal feed server [see at least 0011]. Examiner interprets client/server model as indicative of Applicant's **deal feed client and deal feed server**. [also see 0097, 0374].
29. Regarding **claim 24**, **May** teaches the deal notified comprising a deal feed server [see at least 0011, 0097, and 0374].

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30. Regarding **claim 26**, **May** teaches instructing the trading system to automatically renew credit limits submitted to the system for a previous auction. **May** discloses the central processing center including a settlement module and a market inventory module [0097]. The market inventory module holds the passive orders for each market and broadcast the same to the trader workstations when new orders are received, validates any proposed trade, and performs a second and final credit preference check. Examiner interprets *validating proposed trades and performing additional credit checks* as indicative of Applicant's automatically renewing credit limits submitted to the system for a previous auction.

31. Regarding **claim 31**, **May** teaches storing credit limits from a plurality of prime broker participants and the matching engine matches orders between participants using credit from a chain of two or more prime brokers, as discussed in the rejections of claims 9 – 11 above [see at least 0185 – 0188].

32. Regarding **claim 33**, **May** teaches time limits on bidding [see at least 0328].

33. Regarding **claim 34**, **May** teaches credit limit allocations received less than a predetermined time before the auction to be rejected [see at least 0328, 0329].

34. **Claims 42 and 43** are product claims parallel to method claims 12 and 13, respectively, and are thus, rejected for the same reasons.

35. Claims 6, 20, 21, 28, 29, 35, 36, and 44 are rejected under 35 U.S.C. 103(a) as being unpatentable over **May** in view of **Official Notice**.

36. Regarding **claim 6**, **May** does not specifically teach participants being notified of unused credit one minute after the auction is completed. However, Examiner takes **Official Notice** that such a computer automated systems and methods of electronic

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trading as presented by **May** are capable of occurring within seconds of transactions being processed. Examiner notes that **May's** uses an exemplary period of time of 15 seconds in the over-ride process [see at least 0222], and accomplishing transactions in "real-time" [0286]. It would have been obvious to one having ordinary skill in art at the time of the instant invention to modify **May's** disclosure to include *notifications one minute after completion of the auction* because electronic trading systems were described according to such time parameters.

37. **Claims 20 and 21** are substantially similar to claim 6 and are thus rejected for the same reasons.

38. **Claims 28 and 29** are system claims parallel to method claims 20 and 21, respectively, and are thus rejected for the same reasons.

39. **Claims 35 and 36** are a product claims parallel to system claims 28 and 29, and is thus rejected for the same reasons.

40. **Claim 44** is substantially similar to claim 1 with added limitations. **May** teaches:

- fixing benchmarks for the instrument to be traded at intervals, and;
- receiving from participants orders to trade at a benchmark price [see at least 0289 – 0292];

May teaches trading benchmark issues on a monthly basis based on issuing of U.S. Treasury securities. **May** does not explicitly disclose intervals during the trading day.

Examiner takes **Official Notice** that one having ordinary skill in the art at the time of the instant invention would modify **May's** disclosure to include the use of *trading intervals during the course of a day* because such a method, if automated using a computerized system, would allow trading of benchmark securities over the course of a day as market conditions change.

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41. Claim 19, 22, 27, and 30 are rejected under 35 U.S.C. 103(a) as being unpatentable over **May** in view of **Keith** (US Pub. No. 2002/0091617).
42. Regarding **claims 19 and 27**, **May** does not explicitly disclose submitting limit orders.

However, **Keith** discloses trading processes which interact with each other and with external markets [Abstract]. He further describes the use of limit orders in his invention [0061] and the concept of a centralized limit order book (CLOB) for monitoring such [0314].

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the instant invention to modify **May's** disclosure to *use limit orders* as taught by **Keith** because it provides a means of purchasing a security and limiting the price [**Keith** 0061].

43. Regarding **claims 22 and 30**, **May** does not explicitly disclose receiving messages at the computerized trading system notifying the system of credit limits for use in providing bilateral credit for trades between third parties where no bilateral credit exists between the third parties.

However, **Keith** discloses general purpose computer or network of computers programmed in accordance with his trading processes and functions as a platform for allowing electronic liquidity finder (ELF) programs and **umpire programs** to interact [0041]. He further describes an order umpire program which is coupled to exchange through mirror ELF program that serves to pass messages between exchange and umpire. Order umpire program is also connected to external point for reporting trades as appropriate, to an external point not coupled via a mirror ELF [0051]. He further discloses service umpires which may perform credit checking, certification and/or clearing [0154]. Examiner interprets umpires, *service umpires* in particular, as

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analogous to Applicant's **third party** for tracking credit limits and providing bilateral credit between third parties. Also, message transmission between parties is inherent in **Keith's** process.

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the instant invention to modify **May's** disclosure to *use umpires in notification of credit limits for use in providing bilateral credit for trades between third parties* as taught by **Keith** because umpires can aggregate and analyze data from a variety of sources and continuously produce the results of such analysis for a user [**Keith** 0152].

44. Claims 7, 16, 25, and 37 are rejected under 35 U.S.C. 103(a) as being unpatentable over **May** in view of **Bansal et al** (US Pub. No. 2003/0009421) and **Official Notice**.

45. Regarding **claims 7, 16, 25 and 37**, **May** does not explicitly disclose auction administrator including a message broadcaster for broadcasting to potential participants, the auction time, the type of instrument to be auctioned and the minimum order size.

However, **Bansal** discloses a method, system and computer program product for online negotiations and transactions for electronic commerce [Abstract]. He further discloses online market intermediary initiates the online auction by announcing the auction on the web site and/or sending messages to potential bidders [0154]. The *online market intermediary* also declares the seller's credentials, which may include the specification of the risk class to which the seller belongs (and optionally, the corresponding risk premium charge), specification of the currency in which the seller would transact etc. [0154]. Although **Bansal** does not explicitly disclose the auction time, the type of instrument to be auctioned and the minimum order size, Examiner takes

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Official Notice that these parameters would be important to specify when announcing an auction for fungible goods, in particular financial instruments. Examiner interprets *online market intermediary* as analogous to Applicant's **auction administrator and message broadcaster**.

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the instant invention to modify **May's** disclosure to use *auction administrator and message broadcaster* as taught by **Bansal** because it makes the system more efficient and allows qualified potential bidders to be notified of upcoming auctions.

46. Claim 38 is rejected under 35 U.S.C. 103(a) as being unpatentable over **May** in view of **Kitchen et al** (US Pub. No. 2003/0018561).

47. Regarding **claim 38**, **May** does not explicitly disclose automatically renewing a participant's credit limits for future auctions on request from that participant.

However, **Kitchen** discloses a method and system for a party to buy and sell goods and/or services from and to a plurality of counterparties over a computer network [Abstract]. He further discloses updating a Counterparty's credit exposure at the end of a trading session and establishing new credit limits the next trading session [0132].

Therefore, it would have been obvious to a person having an ordinary skill in the art at the time of the instant invention to modify **May's** disclosure to *update a Counterparty's credit exposure at the end of a trading session and establish new credit limits* as taught by **Kitchen** because it allows credit exposure of a particular Counterparty to be properly monitored and avoids incurring excessive credit exposure [**Kitchen** 0132].

Conclusion

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Ed Baird whose telephone number is (571)270-3330. The examiner can normally be reached on Monday - Thursday 7:30 am - 5:00 pm Eastern Time.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Charles R. Kyle can be reached on 571-272-6746. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Ed Baird/
Examiner, Art Unit 3695

/Narayanswamy Subramanian/
Primary Examiner, Art Unit 3695